



State of Utah

Department of Natural Resources

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Executive Director

Division of Oil, Gas & Mining

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Governor

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Lieutenant Governor

May 11, 2005

Mark Dotson
Western Utah Copper Company
1208 South 200 West
P.O. Box 492
Milford, Utah 84751

Subject: Acceptance of Notice of Intention to Commence Small Mining Operations, Western Utah Copper Company, WUCC-Palladon Copper Mine, S/001/067, Beaver County, Utah

Dear Mr. Dotson:

The Division received your Notice of Intention to Commence Small Mining Operations (NOI) and initial \$150.00 permit application fee, on March 9, and 14, 2005 respectively for the proposed WUCC-Palladon Copper project located in:
NE1/4 of the NW1/4 of Section 7, Township 27 South, Range 11 West,
Beaver County, Utah.

The Division finds your small mine application complete. The \$10,000 reclamation surety issued by Mountain America Credit Union in the form of a Certificate of Deposit is approved effective May 5, 2005. The surety will be reviewed periodically to assure that the bond remains adequate. Copies of the fully signed and executed documents are enclosed for your records.

We have not received any notification from State History whether or not there are any historical concerns in the proposed location. **Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office and State History of your find.**

The Division requests that you mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed the five acre limitation of this permit. Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

The acceptance of this notice and surety is for a small mining operation only, **not to exceed two acres.** On April 22 and 29, 2005 respectively, we received your

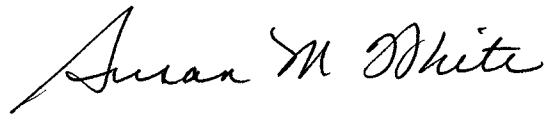
Page 2 of 2
Mark Dotson
S/001/067
May 11, 2005

application and additional permit fee to expand this project to a large mine status.
Until the large mining and reclamation plan (currently under review) is approved and the surety is revised and approved, you are not authorized to disturb beyond the two acres covered by the small mine notice.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). (The mining rules in their entirety can be obtained at <http://www.rules.utah.gov/>.) Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Tom Munson at 538-5321. Best wishes with your new mining venture.

Sincerely,



Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:tm:jb
Attachment: SMO summary
Enclosure: Copy of RC & CD
O:\M001-Beaver\S0010067-WUCC\final\apvl-SMO-NOI&surety.doc

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

(SMO-1)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining:

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by ripping, discing, or harrowing.
13. Reseed disturbed areas with adaptable species. (The Division recommends seeding 20 lbs./acre of native and introduced species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or if broadcast seeded, harrow or rake the seed 1/4-1/2 inch into the soil - fall is the preferred time to seed.

(SMO-2)

Failure to Reclaim

Section 40-8-14 (6) of the State of Utah Mined Land Reclamation Act, states the following:

If the operator of a small mining operation fails or refuses to carry out necessary land reclamation as required by this chapter and the rules of the Board; the Board, after notice and hearing, may order that:

- (a) reclamation be conducted by the Division;
- (b) the costs and expenses of reclamation, together with the costs of collection, including attorney's fees, be recovered in a civil action brought by the Attorney General against the operator in any appropriate court.